



Heroes on the Home Front:

Supporting Veteran Success as Small Business Owners

INTERAGENCY TASK FORCE ON VETERANS
SMALL BUSINESS DEVELOPMENT

November 2012



Office of the Administrator

U.S. Small Business Administration
Washington, DC

November 29, 2012

Dear President Obama,

We are pleased to present the second annual report from the Interagency Task Force on Veterans Small Business Development (Task Force).

Last November, the Task Force, chaired by the U.S. Small Business Administration (SBA) and comprised of representatives from the Department of Defense (DoD), the Department of Labor (DOL), the Department of the Treasury (Treasury), the Department of Veterans Affairs (VA), the General Services Administration (GSA), the Office of Management and Budget (OMB), the American Legion, VET-Force and the Association of State Directors of Veterans Affairs, issued its first report with 18 recommendations to strengthen the Federal government's role in supporting veterans who are or who want to become business owners. This report is a progress report on the Task Force's work during the past twelve months to implement these 18 original recommendations.

We are pleased to report great progress has been made since the Task Force's initial review. In FY 2012, the Task Force, along with the interagency Veterans Employment Initiative, developed and piloted a re-designed military transition program, entitled Transition GPS, that includes an entrepreneurship training program called "Operation Boots to Business: from Service to Startup." This program is expected to be rolled out nationally in the coming year. The Task Force has also worked to streamline programs and cut paperwork for veteran small businesses through support for initiatives such as BusinessUSA and QuickApp for surety bonds and it has continued the efforts begun last year to make the process of winning Federal government contracts simpler and easier for service-disabled veterans and veteran-owned small business.

Yet, the mission is by no means complete. The Task Force fully recognizes that as some recommendations are accomplished, it must seek new ideas, proposals, and recommendations from the veteran community to continue to support the business success of our returning heroes. The Task Force is committed to ensuring our nation's veteran community as well as our small business community remain strong and prosperous with access to enabling resources that will support veterans' abilities to build successful small businesses for generations to come.

Two of America's greatest assets are the service of our returning veterans and the economic dynamism of our small businesses. Entrepreneurs and small businesses are the engines of American innovation and economic prosperity. Our nation's 28 million small firms employ 60 million Americans, or half of the private sector workforce, and they are responsible for creating 2 out of 3 net new private sector jobs across the country.¹

As small business owners, veterans continue to serve their country and to create jobs. Already, veterans own about 2.4 million businesses or 9 percent of all of America's businesses. These businesses generate about \$1.2 trillion in receipts and employ nearly 5.8 million Americans.² As highly trained professionals and leaders with experience in challenging environments, veterans' potential for successful entrepreneurship and small business ownership is great.

Thank you for your continued commitment to helping America's veterans start and grow businesses so that they can create the jobs we need now.

Sincerely,

Karen G. Mills
Administrator
U.S. Small Business Administration

Marie C. Johns
Deputy Administrator
U.S. Small Business Administration

By the Numbers: Supporting Veterans Success as Small Business Owners

EMPOWERING VETERANS THROUGH ENTREPRENEURSHIP

- **U.S. military veterans own 2.4 million businesses, or nearly 1 in 10 of all businesses nationwide. 8.3 percent of veteran business owners have service-connected disabilities.**
- **Veteran-owned businesses generate \$1.2 trillion in receipts and employ nearly 5.8 million people.**
- **In the private sector workforce, veterans are at least 45 percent more likely than those with no active-duty military experience to be self-employed.**

EXPANDING ACCESS TO CAPITAL AND MARKETS

- **In FY 2012, SBA supported nearly \$2.1 billion in lending to over 2,800 veteran-owned small businesses (VOSBs), including \$118 million through the Patriot Express loan program.**
- **Federal prime contracting dollars awarded to service-disabled veteran-owned small businesses (SDVOSBs) increased for the fifth consecutive year to \$11.2 billion or 2.65 percent of total contract spending in FY 2011. This is up from \$10.793 billion or 2.50 percent of total contract spending in FY 2010.**
- **In FY 2011, the VA exceeded its contracting goals for SDVOSBs and VOSBs, awarding 18.2% of its total procurements to SDVOSBs and 20.3% to VOSBs.**

PROVIDING THE TOOLS AND TRAINING TO SUCCEED

- **Each year SBA provides more than 1 million entrepreneurs with free counseling and technical assistance through a network of more than 14,000 counselors. Through Q3 FY 2012, SBA and its resource partner network counseled or trained over 150,000 veteran or service-disabled veteran small business owners.**
- **The SBA provides grants to 15 organizations across the country to serve as Veterans Business Outreach Centers (VBOCs).**
- **As part of the Administration's newly re-designed military transition program, Transition GPS, SBA has developed and is piloting a veterans entrepreneurship training program entitled, "Operation Boots to Business: from Service to Startup." The President's Budget provides \$7 million to expand this program in 2013, providing exposure to entrepreneurship training to all 250,000 service members who transition from active duty to civilian life each year.**

BREAKING DOWN BARRIERS TO GROWTH

- **In January 2012, the Administration launched an online effort called BusinessUSA to reduce the complexity of small business interactions with the Federal government. The BusinessUSA website provides access to over 1,000 Federal and state resources including programs that provide financing, technical assistance and other services; over 130 success stories explaining how businesses and entrepreneurs have taken advantage of Federal resources to grow their businesses and enhance their success; and over 3,750 events nationwide.**
- **In July 2012, the President directed Federal agencies to temporarily accelerate payment to all prime contractors so that they could accelerate payments to their small business subcontractors (from 30 to 15 days after receipt of proper documentation).**
- **In August 2012, SBA announced "Quick App" for surety bonds under \$250,000, a new streamlined application combines 2 applications into 1 to make it easier and faster for small businesses and contractors, including veteran-owned small businesses, to compete for contracts.**

An Overview of Veterans Small Business Development

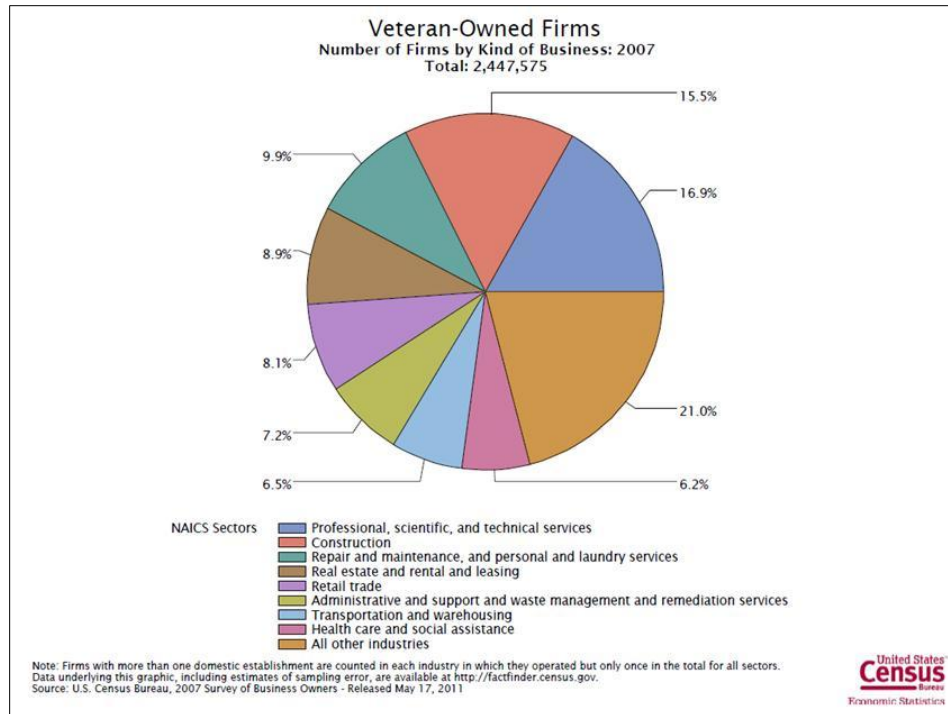
America's 22 million veterans and their families have made great sacrifices in the service of their country. This number includes the 2.4 million veterans who have served since September 2001, sometimes referred to as post-9/11 veterans.³ As highly trained professionals and leaders with experience in challenging environments, entrepreneurship and small business ownership are key opportunities for the over 250,000 service members that transition out of the military into civilian life each year.

Many transitioning veterans are natural entrepreneurs, possessing the training, experience, and leadership skills to start businesses and create jobs. According to a report by the Institute for Veterans and Military Families at Syracuse University, "military experience, on average, exposes individuals to highly advanced technology and technology training at a rate that is accelerated relative to non-military, age group peers."⁴ Leveraging the skills of our military veterans will help build a stronger workforce and a more competitive economy.

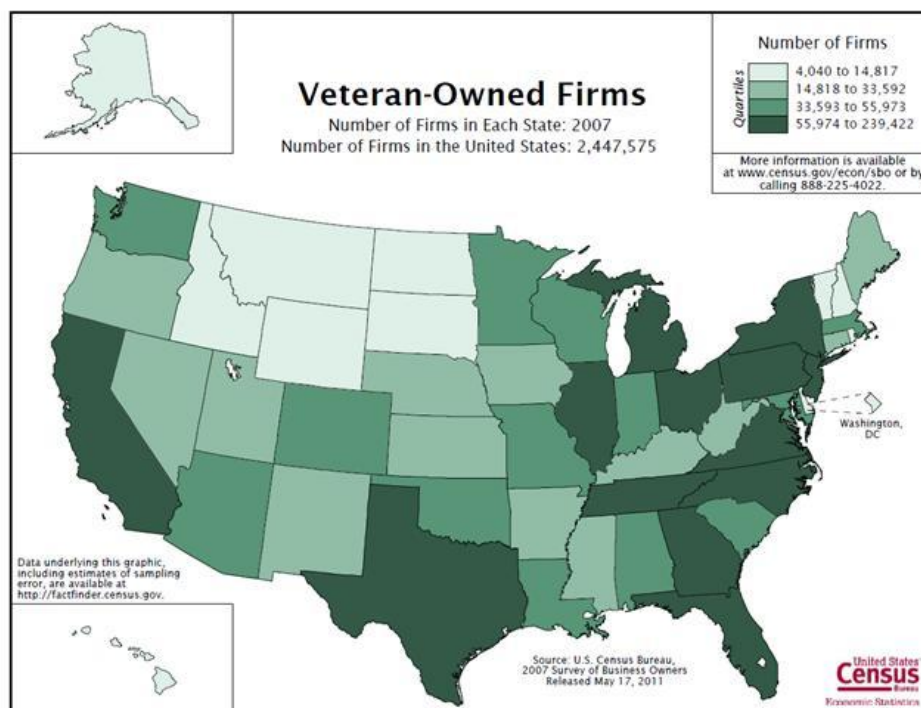
Veterans are also more likely to be entrepreneurs. In the private sector workforce, veterans are at least 45 percent more likely than those with no active-duty military experience to be self-employed. A further one-quarter of veterans indicate that they are interested in starting or buying their own business.⁵

Already in 2007, the latest year for which Census data is available, U.S. military veterans owned 2.4 million businesses, or 9 percent of all businesses nationwide. These businesses generated \$1.2 trillion in receipts, or about 4 percent of all business receipts nationwide, and employed nearly 5.8 million people. Additional, businesses where veterans were majority owners or half-owners numbered 3.7 million, representing 13.5 percent of all businesses nationwide, accounting for more than \$1.6 trillion in receipts and employing 8.2 million people.⁶

Of the veteran business owners who responded to the 2007 Census survey, 8.3 percent had service-connected disabilities. One in five (21 percent) veteran-owned businesses was in the real estate, rental, and leasing sector. Another third operated in the professional, scientific, and technical services (16.9 percent) and the construction (15.5 percent) sectors.⁷



The three states with the largest number of veteran-owned businesses in 2007 were California, Texas and Florida. California had 239,422 veteran-owned businesses, or 9.8 percent of all veteran-owned businesses in the United States. Texas had 199,476 businesses, or 8.1 percent, and Florida was home to 176,727 businesses, or 7.2 percent.⁸



The Federal government's role in supporting veterans who are or who want to become business owners has never been more important. Many returning veterans have both the skills and the motivation to continue serving their country by building a business and creating jobs for themselves, their neighbors, and other veterans. However, when military service members leave active duty, they may need support starting a business and learning how to manage the risks. While starting a new business can mean taking a risk, there are some key steps all new entrepreneurs can take to help mitigate the risks. These include entrepreneurship training to understand the risks and learn how to write a business plan, working with a business coach or mentor to help overcome the inevitable hurdles, and access to capital to start or grow their business.

Already, the Federal government plays an active role in supporting veterans' small business development. For example, small businesses rely heavily on financing from banks and credit unions in order to start, grow, and hire. To encourage private-sector lending, Federal agencies such as the SBA provide guarantees on small business loans. Evidence shows that this role is crucial in providing access to start up and growth capital for veteran entrepreneurs and other businesses owned by Americans from underserved communities.

In addition, the Federal government spends nearly \$100 billion annually in the small business supplier base through Federal contracting, allowing the U.S. to benefit from high-quality, innovative products while helping small firms scale up and create jobs here at home. Agencies have goals for contracting with small firms, as well as those firms owned by service-disabled veterans, women, and historically disadvantaged groups.

Also, the Federal government and its partners play a critical front-line role in delivering entrepreneurial education, counseling, mentoring, technical assistance, and more. Federal agencies deliver this assistance across U.S. regions, states and territories, connecting assistance directly to thousands of entrepreneurs and small business owners each day, including many efforts that directly assist and enable veterans.

Beyond providing greater access to capital, contracts, counseling, and technical expertise, this Administration has launched a number of initiatives to support veterans and their families including this Task Force, the interagency Veteran Employment Initiative, and Joining Forces, a national initiative to connect our servicemen and women, veterans and military spouses with the resources they need to find jobs at home.

We know that our nation's veterans helped reshape the American economy following World War II. They helped to build one of the longest periods of economic growth in our country's history. And we know they can do it again if they are encouraged and supported with the right tools and the right opportunities. That is why we are committed to ensuring that these amazing men and women have the access and opportunity they need to fully realize their potential as entrepreneurs and small business owners.

THE INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT: *PROGRESS REPORT 2012*



President Barack Obama greets U.S. troops following his remarks at Bagram Air Field, Afghanistan, May 1, 2012.

“This future is only within reach because of our men and women in uniform. Time and again, they have answered the call to serve in distant and dangerous places. In an age when so many institutions have come up short, these Americans stood tall. They met their responsibilities to one another, and to the flag they serve under.”

- President Barack Obama, Bagram Air Field, Afghanistan, May 1, 2012.

- ❖ **Access to Capital.** In FY 2012, SBA supported nearly \$2.1 billion in lending to over 2,800 veteran-owned small businesses, including Patriot Express loans and microloans.
 - **Patriot Express Loans.** Patriot Express loans are offered by SBA’s network of participating community banks nationwide and feature one of SBA’s fastest turnaround times for loan approval and an enhanced guaranty and interest rate on loans up to \$500,000 to small businesses owned by veterans, reservists and their spouses. The Patriot Express loan can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. During FY 2012, Patriot Express loans provided \$118 million in SBA-guaranteed loans to over 900 veterans to start or expand their small businesses.

- **Microloans.** In FY 2011, SBA supported microloans provided \$2.9 million in capital to veteran-owned businesses. Moreover, the number of microloan recipients that identified themselves as veterans increased to 4.6 percent from 3.7 percent in FY 2010.
- ❖ **Quick App for Surety Bonds.** In August 2012, SBA announced a new streamlined application to help small business owners bid and compete for contracting opportunities. The “Quick App” for surety bonds under \$250,000 combines two applications into one to make it easier and faster for small businesses and contractors, including veteran-owned small businesses, to compete for contracts.
- ❖ **Service-Disabled Veteran-Owned Business Contracting.** The Service-Disabled Veteran-Owned Small Business Concern Procurement Program allows Federal agencies to set acquisitions aside for exclusive competition among service-disabled veteran-owned small business concerns. For the fifth consecutive year, Federal prime contracting dollars awarded to SDVOSBs increased to \$11.2 billion or 2.65 percent of total contract spending in FY 2011. This is up from \$10.793 billion or 2.50 percent of total contract spending in FY 2010.
- **VA Exceeds Contracting Goals.** In FY 2011, the VA exceeded its contracting goals for SDVOSBs and VOSBs, awarding 18.22 percent of its total procurements to SDVOSBs and 20.3 percent to VOSBs.
- **VA Reduces Certification Times.** In 2012, the VA made significant progress towards reducing the average time to verify a business as a VOSB or SDVOSB. This trend promises to continue as the VA invests in the Next Generation Case Management System to streamline the verification process. To assist veterans to navigate the requirements of the verification regulation, VA has developed the Verification Assistance Program to increase clarity regarding regulatory requirements and to increase the success rate of applicants.
- ❖ **New Procurement Tools for Veterans and for Contracting Officers.** Government Contracting Classroom (SBA), Small Business Maximum Practice Opportunity (DoD), and VetGovPartner (VA) are working to connect veteran entrepreneurs and Federal contracting officers with market outreach, training, and government contracting opportunities.
- ❖ **Supplier Connection.** Additionally, while the Federal government is an enormous source of opportunity to small business contractors, SBA is working to support subcontracting relationships between large prime contractors and subcontracting small businesses. As such, SBA strives to keep small businesses, including veteran and service-disabled veteran-owned small businesses, informed about resources which may help them. These resources include the IBM Foundation’s Supplier Connection, a tool designed to make it easier for small businesses, including veteran-owned small businesses, to gain access to more than \$300 billion in combined supply chain spending by a consortium of 17 of America’s largest corporations.
- ❖ **Business USA.** In January 2012, the Administration launched an online effort called BusinessUSA to reduce the complexity of small business interactions with the Federal government. BusinessUSA is a one-stop, central online platform where all businesses, including veteran-owned businesses, can access information about available Federal programs without having to waste time navigating the Federal bureaucracy. BusinessUSA adopts a “No Wrong Door” policy

that uses technology to quickly connect businesses to the services and information relevant to them, regardless of which agency's website, call center, or office they go to for help.

- ❖ **Veterans Business Outreach Centers.** The Veterans Business Outreach Program (VBOP) is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has provided grants to 15 organizations across the country to serve as Veterans Business Outreach Centers (VBOC).
- ❖ **National Veterans Entrepreneurship Training Program.** In August 2011, the President announced a new interagency task force, the Veterans Employment Initiative, which was tasked with creating a “career-ready military” through a re-design of the military’s transition program. In July 2012, the President announced the result of the task force’s work, Transition GPS, which was the first re-design of the military’s transition program in over 20 years. A core component of Transition GPS is an optional entrepreneurship training program for all separating service members. SBA, as a member of the Veterans Employment Initiative, developed and is piloting Transition GPS’ entrepreneurship training program entitled, “Operation Boots to Business: from Service to Startup,” at Marine Corps, Navy, Army, and Air Force bases across the country. The pilot program provides an introduction to entrepreneurship video, 90 minutes of classroom instruction, and an optional eight-week online intensive skills-building course for those interested in learning more about entrepreneurship and business ownership. Additionally, SBA has provided grants to Syracuse University to create three training programs for America’s veterans and their families:
 - **The Entrepreneurship Boot Camp for Veterans with Disabilities.** SBA and the Institute for Veterans and Military Families at Syracuse University’s Entrepreneurship Bootcamp for Veterans with Disabilities (EBV) offers cutting edge, experiential training in entrepreneurship and small business management to post-9/11 veterans with disabilities resulting from their service to our country. The EBV program is designed to open the door to business ownership for our veterans by developing skills in the many steps and activities associated with launching and growing a small business, and by helping veterans leverage programs and services for veterans and people with disabilities in a way that furthers their entrepreneurial dreams.
 - **Women Veterans Igniting the Spirit of Entrepreneurship.** Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE) consists of an online training program and an in-person three-day conference where participants are exposed to accomplished entrepreneurs and entrepreneurship educators from across the United States. The program includes two tracks of training: (1) a 'growth track' tailored to those participants already in business; and (2) a 'startup' track focused on potential future entrepreneurs. Courses include business planning, marketing, accounting/finance, operations/production, human resources and work life balance.
 - **Operation Endure and Grow.** Operation Endure and Grow is an eight-week online course geared toward members of the National Guard and Reserves, their families, and partners. It focuses on the fundamentals of launching and/or growing a small business for those who will be maintaining the business when the service member is deployed or in the event he or she is killed or injured while serving their country.

Progress Report 2012: The Recommendations One-Year Later

The President ordered the Task Force to produce a report annually to update him on its progress and proposals. The focus of this year's report, the Task Force's second, is to provide updates on the 18 recommendations that were made in last year's report. The recommendations are organized around three priority areas for engaging the Federal government:

- **Increase Opportunities for Growth.** By increasing the flow of both capital and Federal contracting opportunities to veteran-owned small businesses, veterans will have more opportunities to build a new business, expand an existing business, and hire workers. In many cases, this does not require standing up new programs, but instead ensuring that existing programs and resources are more effective in supporting veteran entrepreneurship.
- **Improve and Expand Counseling and Training Services.** Self-employment and small business ownership are increasingly viable options for returning and discharging veterans, Reserve component members and their families. By providing tailored counseling and training services for veteran entrepreneurs and small business owners, and scaling successful programs as needed to meet the increasing number of veterans who are returning, veterans will have greater prospects for success.
- **Reduce Barriers to Growth and Improve Coordination and Efficiencies.** By improving collaboration, integration and focus across Federal agencies, key programs (e.g., Transition Assistance Program), Veterans Service Organizations, states, and academia, the Federal government can more effectively serve existing and prospective veteran small business owners. Expanding best practices in veteran's small business development is crucial to replicate success in government-wide efforts that will strengthen the success of veteran-owned small businesses.

In addition, the Task Force identified four additional key recommendations that did not fit into one of the above categories.

As the Task Force moves forward in the coming year, it will continue engaging with the veterans' community and Federal partners, encouraging action on its recommended actions. As needed, the Task Force will refine its proposals as it evaluates progress toward goals, identifies further challenges, and moves forward with its recommendations.

Increase Opportunities for Growth

RECOMMENDATION #1: LEVERAGE NEW AND EXISTING LENDING COMMITMENTS AS A VEHICLE TO INCREASE ACCESS TO CAPITAL FOR VETERAN AND SERVICE-DISABLED VETERAN-OWNED BUSINESSES.

The Administration's commitment to empowering veteran entrepreneurs and small business owners with the capital they need to start and grow a business and create jobs is well established. For example, in December 2010, the SBA extended the Patriot Express Pilot Loan Program through 2013. This program supports loans up to \$500,000 to businesses owned (51% or greater) by veterans, active-duty military, reservists, National Guard members, and military spouses and widows. It also offers streamlined paperwork and provides government-backed guarantees of up to 85 percent. Ensuring that Patriot Express is a tool that meets the needs of veterans seeking access to capital is a priority for the Task Force.

In 2011, the SBA worked with 13 top U.S. banks to secure and announce a commitment to increase small business lending by \$20 billion over the next three years, with a focus on driving funds into the hands of veterans and those in underserved communities. This commitment provides a valuable opportunity to provide more capital to veteran-owned small businesses and aspiring veteran entrepreneurs.

Lead Agency: SBA

Recommended Actions:

- Examine internal mechanisms to make the Patriot Express Pilot Program more advantageous to veterans and the agency's lender partners.
- Identify lenders currently using SBA's Patriot Express product and advise them on ways to optimize program usage, disseminate best practices, and enroll more lenders.
- Conduct targeted outreach to credit unions affiliated with or near military bases to educate more lending institutions about the Patriot Express program.
- Engage the 13 participating lenders in the underserved community lending commitment to encourage explicit commitments to veteran small business owners.

Progress in 2012:

[Patriot Express](#) loans offer many advantages to veterans and to SBA's network of participating community banks nationwide. They feature one of SBA's fastest turnaround times for loan approval and an enhanced guaranty and interest rate on loans up to \$500,000 to small businesses owned by veterans, reservists and their spouses. Additionally, a Patriot Express loan can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

During FY 2012, Patriot Express loans provided \$118 million in SBA-guaranteed loans to over 900 veterans to start or expand their small businesses. Patriot Express is just one tool at SBA's disposal to help veterans access capital to start or grow their business. In addition to Patriot Express loans, veteran-owned small businesses may also qualify for SBA's main 7(a) and 504 loan programs. Through these programs, SBA supported nearly \$2.1 billion in lending to over 2,800 veteran-owned small businesses, including Patriot Express loans, in FY 2012.

Another tool is the commitment announced last year by 13 of the nation's largest banks to increase lending for small businesses by \$20 billion over the next three years. In September 2012, SBA was able to report that these 13 banks have already increased lending by more than \$11 billion, putting them more than halfway to the target goal within the first year. The continued success of this commitment will serve as an important example of what is possible when the public and private sectors work together to assist America's small business owners and entrepreneurs.

The banks participating in this commitment are: Wells Fargo; Key Corp; Regions Financial Corporation; Huntington Bancshares Incorporated; M&T Bank Corporation; JP Morgan Chase & Company; Citizens Financial Group, Inc.; Citigroup; Bank of America Merrill Lynch; TD Bank; US Bank; PNC Bank NA.; and Sun Trust Banks, Inc.

Next Steps:

In FY 2013, SBA will continue to work towards engaging Patriot Express lenders, learn best practices, and encourage more lenders to take advantage of the benefits the program offers for lenders and for veterans. Part of this outreach will include engaging directly with credit unions affiliated with or near military bases to educate more lending institutions about the Patriot Express program. SBA is also examining legislative changes to the Patriot Express pilot to make the program permanent and to attract more lenders to the program.

SBA plans to host a series of Veteran Economic Forums in 2013 to help bring together SBA resource partners, State economic development organizations, community lenders, and veteran business owners to learn about Federal government programs and resources available to help veteran entrepreneurs. These events would include panels with senior Administration officials and local economic development leaders, workshops on topics from writing a business plan, accessing capital, and finding a mentor to contracting opportunities with the Federal government, speed mentoring sessions and a resource fair.

RECOMMENDATION #2: INCREASE CONTRACTING OPPORTUNITIES FOR VETERAN-OWNED SMALL BUSINESSES THROUGH THE SMALL BUSINESS ADMINISTRATION'S OFFICE OF SURETY GUARANTEES.

A surety bond is a form of insurance in which a contractor pays a Surety Company to protect the buyer in the event that the contractor does not complete the contract. Some buyers require this arrangement so that if a contractor defaults, the Surety Company will ensure that the project is completed. Surety bonds are important to veteran-owned small businesses that provide products and services to the Federal government because contracts over \$100,000 require surety bonds. Most states and municipal governments have similar requirements.

The SBA's Surety Bond Program guarantees surety bonds for small businesses that are otherwise unable to be bonded. Currently, the SBA guarantees between 70 percent and 90 percent of participating surety bonds up to \$2 million. Under the American Recovery and Reinvestment Act, the limit on SBA surety bonds was temporarily increased to \$5 million to help small businesses competing for larger contracts, however, this provision has since expired. President Obama has advocated for permanently increasing this limit to \$5 million through the American Jobs Act. SBA's Office of Surety Guarantees is also reviewing existing marketing efforts to inform and educate small business owners, especially veterans, in order to provide more clarity on the steps necessary and the benefits of participating in the program.

Lead Agency: SBA

Recommended Actions:

- Increase the awareness and utilization of the SBA's Surety Bonding Program in the veteran-owned small business community through the development and distribution of veteran-specific marketing tools.
- Distribute customized materials through SBA's primary technical assistance partners, including:
 - Procurement Technical Assistance Centers
 - Small Business Development Centers
 - SCORE
 - Women Business Centers
 - Veterans Business Outreach Centers

- Entrepreneurship Bootcamps for Veterans
- Emerging Leaders Program
- Encourage the enactment of a permanent increase of SBA surety bonds to \$5 million to support more small business contracts

Progress in 2012:

In August 2012, SBA announced a new streamlined application to help small business owners bid and compete for contracting opportunities. The [“Quick App”](#) for surety bonds under \$250,000 combines two applications into one to make it easier and faster for small businesses and contractors, including veteran-owned small businesses, to compete for contracts.

The new application allows the SBA to evaluate risk by asking the contractor to submit a list of the three largest jobs completed in the last five years. The streamlined application reduces paperwork for both contractors and surety companies and speeds up the approval process. The new changes also make minor administrative adjustments to the Surety Bond Guarantee program to clarify procedures and fee payments.

In addition, SBA and the Department of Housing and Urban Development (HUD) recently signed a Memorandum of Understanding (MOU) to work together to increase small business participation in HUD funded construction projects. The SBA-HUD MOU emphasizes improved coordination and communication between the two agencies and their respective field organizations, as well as outreach and training initiatives with the small business community and industry associations to better inform small businesses of SBA’s surety bond guarantee program and assist them in obtaining construction contracts and subcontracts. One of the organizations targeted for this combined outreach and training effort is SBA’s network of VBOCs across the country.

Next Steps:

SBA will continue to reach out to veteran small business owners through our network of resource partners and will further refine and develop marketing materials targeted to Vets that help raise awareness of SBA’s Surety Bond program among veteran-owned small businesses. In addition, SBA will coordinate with HUD to help make more veteran small business owner aware of contracting opportunities for HUD funded construction projects.

RECOMMENDATION #3: INCREASE AWARENESS, ACCESS, AND UTILIZATION OF MICROLOANS IN THE VETERAN-OWNED SMALL BUSINESS COMMUNITY.

SBA’s Microloan Intermediary Program makes funds available to non-profit intermediary lenders which, in turn, provide short-term, fixed rate loans of up to \$50,000 to small businesses. The small businesses are also supported with management training and technical assistance. The average microloan is about \$13,000 and may be used for working capital as well as the purchase of supplies, furniture, machinery, or equipment.

The Task Force’s research has found that SBA microloans have been effective in reaching many underserved communities, but have not been as effective in reaching veterans. While 9 percent of U.S. businesses are owned by veterans, only 3.7 percent of microloan recipients identified themselves as veterans in 2010. Therefore, the Task Force is committed to identifying opportunities to increase the

number of microloans and microloan dollars going to veterans each year. One way to achieve this goal is by recruiting veteran-focused organizations into the program as intermediaries. Another way to potentially achieve this goal is to actively market the microloan program to veteran's assistance organizations so that veterans can be referred to microlenders for their small business financial and technical assistance.

Lead Agency: SBA

Recommended Actions:

- Set a goal for SBA's Microloan Intermediary Program of increasing the percent of veterans served to 9 percent to mirror the prevalence of veteran-owned businesses overall.
- Educate existing SBA microlenders on the benefits of lending to veterans and encourage SBA microlenders to enhance their marketing efforts to veterans to increase the number of veterans they serve.
- Recruit additional veteran-focused service organizations to become certified as SBA microloan intermediaries.

Progress in 2012:

During FY 2011, SBA supported microloans provided \$2.9 million in capital to veteran-owned businesses. A step in the right direction, the number of microloan recipients that identified themselves as veterans increased to 4.6 percent from 3.7 percent in 2010.¹ These loans represented 6.1 percent of all microloan dollar volume in FY 2011, the latest data available.

As mentioned previously, microloans are just one weapon in SBA's arsenal to help veterans access capital. In FY 2012, SBA supported nearly \$2.1 billion in lending to veteran-owned small businesses. However, SBA continues to work to raise awareness among veterans of the microloan option to start their business and continues to work to recruit more veteran-focused microloan intermediaries into the program.

In April 2012, SBA held a [Microloan Program](#) conference and encouraged microlenders to seek out veterans as entrepreneurs and potential entrepreneurs. Many microlenders indicated that they are already working with local military bases to help train out-transitioning service members regarding self-employment.

SBA is currently exploring how to leverage a specialized online VBOC that would focus on microlending and low dollar loans for veteran business owners. This addition would be a significant step forward toward the 9 percent target goal for microloans approved to veterans.

¹ This information is based on self-reported client information which is optional; therefore, the demographic data (i.e. race, gender, ethnicity, and veteran status) may be less than accurate. Therefore, a potential bias for underreporting should be taken into consideration when analyzing this data. This data is not additive.

Next Steps:

SBA will continue to educate existing SBA microlenders on the benefits of lending to veterans and encourage SBA microlenders to enhance their marketing efforts to veterans to increase the number of veterans they serve. Additionally, SBA will continue to recruit more microloan intermediaries to the program including veteran-focused microloan intermediaries.

RECOMMENDATION #4: DEVELOP GOVERNMENT-WIDE TOOLS AND INFORMATION TO SUPPORT BUYING ACTIVITIES BASED ON MARKET RESEARCH SOURCES, INDUSTRY STATISTICS, SUPPLIER BASE REQUIREMENTS, AND SUCCESS STORIES.

Currently, Federal agencies do not collect information on veteran-owned small business outreach efforts by their respective Offices of Small Business Utilization. Collecting this information and sharing it among contracting officers and veterans alike will help better inform the veteran-owned small business community of what resources are available and how to properly use them.

Lead Agencies: DoD, GSA, SBA, and VA

Recommended Actions:

- Coordinate production of materials among SBA, the Federal Acquisition Institute (FAI), and/or the Defense Acquisition University (DAU). Disseminate materials throughout Department and Agency Offices of Small Business, Procurement Technical Assistance Centers, Veterans Business Outreach Centers, Veterans Business Development Officers, and Small Business Development Centers.

Progress in 2012:

SBA realizes that selling to the government requires a very different approach than selling to the commercial sector. Over the last year, SBA has created a series of online contracting courses called [Government Contracting \(GC\) Classroom](#) to help prospective and existing small businesses understand the basics about contracting with Federal agencies. In particular, SBA recently published a course called “Market Research for Contracting Officers” to better assist contracting officers identify small businesses in order to maximize small business participation in the Federal supply chain. SBA will continue to provide small businesses with additional contracting training tools.

In a similar spirit, DoD has trained its acquisition workforce and over 13 Federal agencies in its Small Business Maximum Practice Opportunity (MaxPrac) methodology, which shows potential small business opportunities and areas of improvement for specific supplies/services as compared to other organizations. DoD and other agencies are utilizing MaxPrac to find areas where small business participation, including veteran-owned small businesses, can be increased. And the VA has developed the VetGovPartner Platform to support buying activities with market research information on veteran-owned small business. The VetGovPartner Platform enabled more than 1,600 veteran entrepreneurs to directly connect with more than 800 government officials and exchange information on business capabilities and government requirements.

The Federal Acquisition Institute (FAI) deployed the “Small Business Programs” continuous learning module to increase the competency of the federal acquisition workforce community. This training module is applicable to all acquisition workforce members to include program support personnel.

Increased awareness of small business goals and programs affords acquisition professionals with the opportunity to encourage small business participation in support of the President's small business initiatives. Additionally, FAI, in collaboration with the GSA, OMB, SBA and other senior small business leaders, hosted the "Going Big for Small Business" Acquisition Learning Seminar in August that was attended by over 1,575 acquisition professionals.

Another tool across Federal agencies is the Mentor-Protégé Program aimed at helping small businesses compete for and win federal contracts. In addition to SBA's 8(a) Mentor-Protégé Program, a number of federal agencies have Mentor-Protégé Programs each with their own participation requirements. These programs encourage private-sector relationships and provide small businesses with additional contracting opportunities as well as managerial and technical assistance. GSA's Mentor-Protégé Program is open to all small businesses including; 8(a), HUBZone, women-owned, veteran-owned, and service-disabled veteran-owned small businesses.

Additionally, while the Federal government is an enormous source of opportunity to small business contractors, SBA is working to support subcontracting relationships between large prime contractors and subcontracting small businesses. As such, SBA strives to keep small businesses, including veteran and service-disabled veteran-owned small businesses, informed about resources which may help them including IBM Foundation's Supplier Connection which is a tool designed to help make it easier for small businesses to gain access to more than \$300 billion in combined supply chain spending by a consortium of 17 of America's largest corporations.

Next Steps:

SBA, DoD, and the VA will continue to develop tools to help contracting officers and veterans fully capitalize on Federal procurement opportunities. SBA regularly updates GC Classroom with new information and courses while DoD will continue to encourage the use of MaxPrac as a market research tool and conduct trainings on its use where needed within DoD and for other Federal agencies.

The Small Business Jobs Act 2010 authorizes SBA to extend the Mentor-Protégé program to service-disabled veteran-owned small businesses, women-owned small businesses, and HUBZone small businesses. SBA has drafted the rule and will be submitting the rule for interagency clearance in the near future.

RECOMMENDATION #5: MAXIMIZE THE IMPACT OF RECENT FUNDING TO INCREASE SMALL BUSINESS LENDING BY STRENGTHENING COORDINATION BETWEEN THE DEPARTMENT OF THE TREASURY AND SBA DISTRICT OFFICES.

The Small Business Jobs Act of 2010 had two key provisions for the Department of the Treasury (Treasury) that are designed to increase small business lending, both of which identify veterans as an important target group. First, over \$1.5 billion was awarded to states as part of the State Small Business Credit Initiative (SSBCI). These funds empower state-level agencies to improve access to capital for job creators. Second, the Small Business Lending Fund (SBLF) is currently helping over 300 banks gain access to low-cost capital that they, in turn, can lend to small businesses. These banks must submit small business lending plans that include outreach and marketing to certain groups, including veterans.

Creating opportunities for coordination between Treasury, SBA District Offices, state-level agencies and SBLF bank participants will help Small Business Jobs Act funds be used effectively as a key source of financing for veteran-owned small businesses.

Lead Agencies: Department of the Treasury and SBA

Recommended Actions:

- Designate senior representatives at Treasury and SBA to ensure that SSBCI and SBLF are linked, leveraged, and aligned across national and state-level financing programs as well as SBA veteran training programs.
- Explore development of joint marketing materials to ensure that state-level agencies, community banks, and veteran small business owners are aware of SBA counseling resources and SBA and Treasury loan programs.

Progress in 2012:

A new Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) were part of the Small Business Jobs Act that the President signed into law in September 2010.

The SBLF encourages lending to small businesses by providing low cost capital to qualified community banks and community development loan funds (CDLFs) with assets of less than \$10 billion. The purpose of the SBLF is to encourage Main Street banks and small businesses to work together, help create jobs, and promote economic growth in communities across the nation. The Treasury has invested over \$4 billion in 332 institutions through the SBLF program. Collectively, these institutions operate in over 3,000 locations across 48 states and five territories. During November 2011, the Treasury calculated that nationwide the investments made through the SBLF could spur a potential \$863 million increase in lending to veteran-owned businesses through the community banks and CDLFs in their local communities.⁹

The SSBCI was funded with \$1.5 billion from the Jobs Act to support state and local programs that provide lending to small businesses and small manufacturers that are creditworthy but are not getting the loans they need to expand and create jobs. SSBCI is expected to help spur at least \$15 billion in new private financing through 2016. The Treasury has already approved funding through SSBCI to more than 150 state and local small business programs, including collateral support programs, Capital Access Programs (CAPs), loan participation programs, loan guarantee programs, and state-sponsored venture capital programs.

Next Steps:

Moving into FY 2013, SBA and Treasury will continue to work together to raise awareness of SBLF and SSBCI among community lenders and veteran-business owners. SBA will integrate information on SBLF and SSBCI into SBA outreach materials and distribute them to SBA District Offices and resource partners (Small Business Development Centers, Women's Business Centers, SCORE, Veteran Business Outreach Centers). SBA will also distribute information on SBLF and SSBCI at lender outreach events to ensure SBA's network of community banks are aware of another tool available to them to assist veteran-business owners.

Improve and Expand Counseling and Training

RECOMMENDATION #6: INCREASE AND AUGMENT ENTREPRENEURSHIP AND TECHNICAL ASSISTANCE PROGRAMS OFFERED TO VETERANS.

SBA District Offices and resource partners (Small Business Development Centers, Women's Business Centers, SCORE, Veteran Business Outreach Centers) help entrepreneurs and small business owners start and grow businesses by providing free or low-cost training, counseling, coaching and mentoring to over 1 million clients a year. In the first three quarters of 2012 (the latest data available), SBA counseled and trained over 150,000 veteran small business owners.

Specifically, the SBA's Small Business Development Center (SBDC) program provides services to the veteran community nationwide through its network of over 900 locations. SCORE provides veterans, National Guard, Reservists and military families with support and mentorship. Its recent commitment to the First Lady's Joining Forces campaign further leverages dedicated online resources for veterans, the hundreds of SCORE mentors with military backgrounds and the extensive outreach offered year-round on military bases and business tradeshows for veterans.

Although these and other Federal resources provide needed counseling and training services to veterans, a standardized, national entrepreneurship training program specifically for veterans does not exist. Veterans use a wide variety of resources and services based upon their proven effectiveness, but sometimes encounter services that are fragmented or in silos. Stronger collaboration across various veteran-focused training and counseling networks is an important short-term concern.

Creating a national standardized veteran training program with an innovative, state of the art entrepreneurship curriculum would bring greater cohesion and coordination. This training could utilize expert local instructors, including academics and successful small business owners, to provide training in skills used to create and grow entrepreneurial ventures and small business. The national program could provide engaging training modules and workshops dedicated to the basics of launching a business.

This program could be modeled on the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) currently conducted through a partnership between SBA and Syracuse University. EBV involves entrepreneurship training through a 14-month "boot camp" for service-disabled veterans from the wars in Iraq and Afghanistan who want to start or grow small businesses. It is designed to open the door and accelerate successful small business ownership for veterans. Also, through this same partnership, SBA and Syracuse recently launched a program geared toward empowering the increasing number of women veterans, called Veteran Women Igniting the Spirit of Entrepreneurship. A national program, based on these models, and available locally could reach a greater number of veterans, service members and their families.

Lead Agencies: The VA, SBA, DOL, and DoD

Recommended Actions:

- Establish a national Veteran Entrepreneur Training program, possibly based on an expansion/revision to the best practices found in the EBV program. Eligibility could be expanded to all veterans, service members, Reserve component members, as well as spouses, caregivers, or widows/widowers.

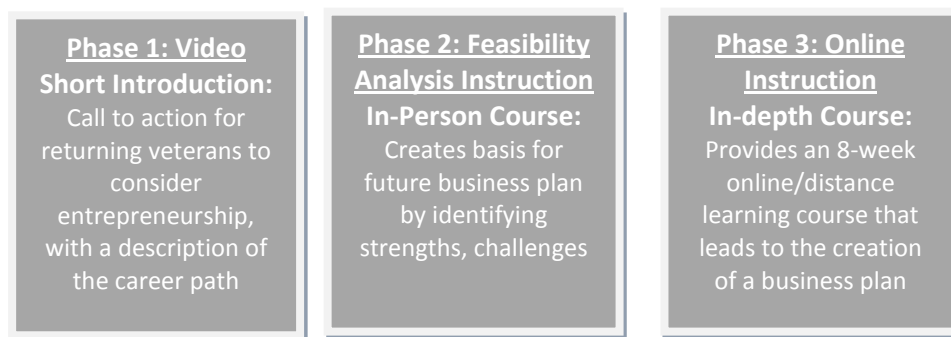
- Bring together the best public/private resources within a community-based platform to help provide increased training opportunities for service men and women interested in entrepreneurship. Such an effort could be integrated into the President's recent announcement of a "reverse boot camp" that is more broadly focused on helping gain licenses and credentials that quickly translate their military skills into industry-related skills.
- Enhance coordination of SBA's veterans' counseling and training services through regional Veterans Advocacy Coordinator positions.

Progress in 2012:

SBA is working with DoD and the VA, through the Veterans Employment Initiative, to include entrepreneurship training as a part of the overall, service-wide changes to the Transition Assistance Program (TAP). The overall goal of the new Transition: Goals, Plan, Success (Transition GPS) program is to strengthen the transition of all of our service members from military to civilian life and to prepare them for success in the next phase of their life. In the Transition GPS, each service member will receive "core" education in career-readiness and post-service veterans' benefits. In addition, each may choose from three "optional" tracks for further, targeted training: 1) Higher Education; 2) Technical Training; and 3) Entrepreneurship. SBA and its partner network will deliver the entrepreneurship track, called "Operation Boots to Business: From Service to Startup," to those transitioning service members who opt-in to receive entrepreneurship training.

The [Boots to Business](#) program builds on SBA's role as a national leader in entrepreneurship training. SBA is leveraging its ongoing collaboration with Syracuse University's Institute for Veterans and Military Families (IVMF) to provide comprehensive training materials specifically geared toward transitioning service members. SBA's expert Resource Partner network -- including Women's Business Centers, SCORE chapters, Small Business Development Centers and Veterans' Business Opportunity Centers, which already provide targeted, actionable, real-world entrepreneurship training to over 150,000 veterans every year -- will deliver the training.

Boots to Business uses a multi-phase approach to introduce transitioning service members to the fundamentals of small business ownership and to the SBA tools and resources available to them. Offered during TAP, prior to release from Active Duty, Phase 1 exposes transitioning service members to entrepreneurship as a potential career path. Phase 2 is a two-day short-course that includes a feasibility analysis of a potential business plan. And, for interested service members, Phase 3 offers an eight-week online course pertaining to the fundamentals of small business ownership.



Beginning in June 2012, a Boots to Business pilot was launched at four Marines Corps locations: Quantico, VA; Cherry Point, NC; Camp Pendleton, CA; and Twenty-Nine Palms, CA. In August 2012, four

Navy locations were added to the pilot: Anacostia-Bolling, Washington, DC, Bethesda, MD, King's Bay, GA, and Annapolis, MD. Additionally, the Army conducted its first pilot at Ft. Sill, OK during October 2012. The Air Force has scheduled future pilots for McConnell Air Force Base, KS and Mildenhall Air Force Base in the United Kingdom. Following the success of the pilots, SBA stands ready to roll out the program nationally to all branches of the military in FY 2013.

Next Steps:

SBA is working with DoD, the VA, and the Military Service Branches to support implementation of the Transition GPS next year. The President's Budget includes \$7 million to expand "Operation Boots to Business: from Service to Startup," in 2013. This would provide exposure to entrepreneurship training to all 250,000 service members who transition from active duty to civilian life each year.

In addition, SBA is exploring the possibility of awarding college credit or a certificate for completion of the 8-week online course component of the program.

RECOMMENDATION #7: IMPROVE INFORMATION TO EXITING SERVICE MEMBERS AND THEIR SPOUSES BY REVISING THE TRANSITION ASSISTANCE PROGRAM (TAP) TO INCLUDE INFORMATION ON ENTREPRENEURSHIP AND BUSINESS OWNERSHIP RESOURCES.

Under TAP, the Department of Homeland Security (DHS), DoD, the VA, and DOL provide employment and training assistance to about 250,000 armed forces members and their spouses every year within 12 months of separation. This includes over two days of employment workshops at certain military installations, including information about job searches, career decision-making, resume preparation, interview techniques, and more. Currently, TAP provides limited support for assisting transitioning service members who want to become entrepreneurs.

As a result of ongoing discussions by Task Force members, entrepreneurship-related content will be incorporated into the redesigned curriculum and materials currently being developed as part of overall efforts to accelerate separating service members' transition into meaningful careers. All tools in the Transition GPS infrastructure will leverage best practices in adult learning techniques and e-learning delivery methods.

Lead Agencies: SBA, DOL, DoD, and the VA

Recommended Actions:

- Ensure that the Department of Labor can link to online assistance from SBA's resource partners including the Small Business Technology Network (SBTN), SCORE, Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and Veteran Business Outreach Centers (VBOCs).
- Brief all Veterans Employment Initiative members, including the Departments of Education, Defense, Labor and Veterans Affairs. Educate Military Service Transition Managers on SBA resources to assist transitioning service members, veterans and spouses who are interested in starting their own business.
- Train the Department of Labor's Field Employment Services Staff in basic entrepreneurial self-employment resources available from SBA to support local veteran referrals for veterans using the DOL One-Stop system.

- Enhance cooperation between DOL Veterans' Employment and Training Services staff and SBA field staff/partners to identify local small businesses interested in hiring veterans, especially Federal contractors.

Progress in 2012:

The Department of Education (ED), DoD, DHS, DOL, SBA, and the VA through the Veterans Employment Initiative have launched a pilot curriculum that includes entrepreneurship-related content with all four services. The goal of this curriculum is to aid overall efforts to accelerate separating service members' transition into meaningful careers.

Specifically, the Transition GPS infrastructure will leverage best practices in adult learning techniques and e-learning delivery methods through a partnership with Syracuse University that has led to the Boots to Business Program. Boots to Business has currently launched and the Veterans Employment Initiative continues to be briefed on it and is gathering early metrics to be used in refinement. The Task Force expects the full implementation of entrepreneurship counseling tools as part of Transition GPS to be completed by December 2012.

Next Steps:

In FY 2013, the Veterans Employment Initiative will continue to monitor the implementation of the Transition GPS curriculum. The Veterans Employment Initiative will also serve as the focal point to coordinate and ensure synergies of existing and planned initiatives to identify local business interested in hiring veterans, with particular emphasis placed on Federal contractors.

RECOMMENDATION #8: EASE NAVIGATION AND CREATE, OR LEVERAGE AN EXISTING, WEB PORTAL THAT ALLOWS VETERANS TO ACCESS ENTREPRENEURSHIP RESOURCES FROM ACROSS THE GOVERNMENT.

Today, a veteran considering entrepreneurial opportunities or one who already owns a small business must navigate through a wide range of programs and websites of potential interest. These websites cover matters ranging from transition assistance to loans, business plans, and opportunities for contracts and grants. Just within the Federal sector, multiple agencies -- including DOL, DoD, SBA, and the VA -- play wide-ranging roles in managing various programs designed to cater to the needs of future, new, and established veteran entrepreneurs, including:

- Veterans Business Outreach Centers
- Entrepreneurship Boot Camps for Veterans with Disabilities
- Operation Endure and Grow
- Veteran Women Igniting the Spirit of Entrepreneurship
- Patriot Express
- VA Vocational Rehabilitation Program and Innovative Initiatives
- Labor's Transition Assistance Program
- One-Stop Employment and Training Centers
- Defense Department's Yellow Ribbon Program
- Military One Source Program
- National Resource Directory
- National Committee for Employer Support of the Guard and Reserve

While each agency individually pursues efforts to improve accessibility to information on its programs, there have been limited ongoing efforts to aggregate information between these programs. However, two recent government-wide efforts related to online resources provide an important opportunity to address this issue.

First, the Administration launched an effort to improve and streamline all “.gov” content in order to provide the public with information that is accurate, in plain language, and not duplicative. This is part of Executive Order 13571, “Streamlining Service Delivery and Improving Customer Service,” which directs agencies to continuously evaluate their performance and success in providing “competent, efficient, and responsive services” to the taxpayer.

Second, the Administration announced the creation of a new portal to simplify business and government interaction. BusinessUSA will provide access to information about the full range of government programs and services businesses need to compete globally. The first set of changes will focus on exporting and small businesses because entrepreneurs seeking to create new markets help to drive the economy.

Lead Agencies: Office of Management and Budget (OMB), SBA, DoD, DOL, and the VA

Recommended Actions:

- Create a customized veteran entrepreneurship profile that can be used in designing and developing the small business segment of the BusinessUSA platform.
- Work with agency Offices of Small Business Utilization to provide more streamlined access to annual forecast information for contracting opportunities, information on agency mentor-protégé programs, and basic information about doing business with each agency.

Progress in 2012:

In January 2012, the Administration launched an online effort called BusinessUSA to reduce the complexity of small business interactions with the Federal government. This multi-agency effort is jointly headed up by SBA and the Department of Commerce to ensure that small businesses and exporters find what they need quickly and get consistent information regardless of where they begin their search.

BusinessUSA is a one-stop, central online platform where businesses of all sizes can access information about available Federal programs without having to waste time navigating the Federal bureaucracy. BusinessUSA adopts a “No Wrong Door” policy that uses technology to quickly connect businesses to the services and information relevant to them, regardless of which agency’s website, call center, or office they go to for help.

During the first six months of its implementation, business.usa.gov had over 450,000 visitors and over 26,000 individuals subscribed to receive content and information updates. Many of these visitors were veteran-owned businesses and entrepreneurs seeking to learn more about resources available from the Federal government who previously visited VetBiz.gov. This is the result of the strategic placement of a ‘widget’ or ‘button’ on the VetBiz.gov site that refers visitors directly to business.usa.gov. In fact, VetBiz.gov was the top referring site to BusinessUSA during the months of May and June – referring thousands of veterans to the site.

Since its launch, the BusinessUSA website has provided access to over 1,000 Federal and state resources including programs that provide financing, technical assistance and other services; over 130 success stories explaining how businesses and entrepreneurs have taken advantage of Federal resources to grow their businesses and enhance their success; and over 3,750 events were advertised nationwide.

BusinessUSA also offers several targeted ways to access content relevant to veterans. A simple search on the term “veteran” reveals over 160 results ranging from targeted programs to news and information. A more refined search using the site’s faceted navigation features, for example selecting “program” and “veteran” from drop down options, yields 21 targeted resources including offerings such as the Mentor-Protégé Programs at the Veteran Affairs and Defense Department and Patriot Express Loan Program at the Small Business Administration.

From the targeted content areas on BusinessUSA related to Starting a Business, Growing a Business or Finding Opportunities there are “hot buttons” at the bottom of each page that will take veterans directly to targeted resources in each of these areas.

Next Steps:

In the coming year, BusinessUSA will continue to expand the content, services and tools available via business.usa.gov and launch an expanded contact center effort at 1-800-FED-INFO that is able to answer more inquiries as well as warm transfer callers to an expanding pool of partner agencies. Easier navigation and discovery, more timely and relevant content, enhanced tools, and greater levels of personalization based on individual or business interests and characteristics are among the refinements planned for the BusinessUSA web portal.

BusinessUSA, in partnership with DoD, VA, and DOL among others, will provide additional refinements to the web portal that make it easier to discover and access resources that are available to entrepreneurs and veteran-owned businesses through the creation of a Veteran’s Entrepreneurship Portal (VEP). The VEP will include expanded content and resources, as well as a dedicated space on the website to speed discovery, access and use by the veteran community. It is the outcome of the veteran entrepreneur profile and will assist veteran-owned businesses and entrepreneurs to identify the resources that will be most helpful to them.

Reduce Barriers to Growth While Improving Coordination and Efficiencies

RECOMMENDATION #9: FIND AND REDUCE BARRIERS THAT IMPEDE SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES FROM CONTRACTING WITH THE U.S. GOVERNMENT.

Although service-disabled veteran-owned small businesses gain more Federal contracting dollars each year, agencies still have not met the government’s congressionally mandated goals and continue to look for ways to improve. It is important to fully understand the impediments SDVOSBs face in the overall contracting process to best support them in increasing contracting opportunities.

Lead Agencies: DoD and GSA

Recommended Actions:

- Have the contractor review data and databases and follow up with individual SDVOSBs willing to assist by answering a standard set of questions.
- Leverage study findings to determine actions most likely to reduce barriers for service-disabled veterans who contract with agencies across the Federal government.

Progress in 2012:

During the past year, initiatives such as the White House Small Business Procurement Group, SDVOSB Concern Procurement Program, VetGovPartner, the Mentor-Protégé, and SBIR/STTR Programs have made significant inroads in ensuring that veteran-owned small business are able to effectively contract with the U.S. Government. As part of the White House Small Business Procurement Group, the Administration worked to formally hold senior officials at each agency accountable to their small business contracting goals, by ensuring the largest procuring Federal agencies include small business procurement performance in the performance evaluations of senior executives whose job responsibilities include procurement.

For the fifth consecutive year, Federal prime contracting dollars awarded to service-disabled veteran-owned small businesses increased to \$11.2 billion or 2.65 percent of total contract spending in FY 2011. This is up from \$10.79 billion or 2.50 percent of total contract spending in FY 2010. This program allows Federal agencies to set acquisitions aside for exclusive competition among SDVOSBs. SBA works with SDVOSBs to build awareness of Federal contracting opportunities and to ensure they have the resources they need to bid for Federal contracts.

In addition to SBA's efforts, the VA has developed the VetGovPartner platform a fully integrated web application designed to facilitate matchmaking, partnering and networking among attendees before, during and after a conference or event. The application was built and updated for both the 2011 and 2012 National Veteran Small Business Conferences. VetGovPartner is the emerging social networking portal for VA events and conferences for small and veteran-owned businesses.

More than 8,000 veterans attended the second annual National Veteran Small Business Conference, Open House and Hiring Fair in Detroit June 26-28, 2012. This event is the premier government event for veteran-owned businesses. VA provided more than 3,500 veteran-owned and service-disabled veteran-owned businesses with a wide range of information to help them maximize opportunities with the Federal government.

Also this year, DoD launched a study through the Office of Small Business Procurement to examine barriers that SDVOSBs may be facing in obtaining Federal contracts and that Federal agencies may be facing in meeting this goal. And GSA conducted outreach and training for contracting officers and SDVOSBs to address the barriers SDVOSBs encounter in federal procurement and increase their participation.

In 2012, GSA conducted four webinars and two presentations at the GSA EXPO in San Antonio, Texas for GSA's Acquisition Procurement Professionals to increase their awareness of, and help them identify, better ways to utilize SDVOSBs in upcoming procurement contracts. In addition, GSA conducted three webinars this year for SDVOSBs on best practices for winning Federal contracts. These webinars were attended by over 300 SDVOSBs.

Next Steps:

Throughout FY 2013, SBA will continue to implement best practices that ensure that individual SDVOBs are made aware of the contracting opportunities that exist with the Federal government. These processes will be refined both through the programs that are currently underway and through a continuous reevaluation of our processes.

RECOMMENDATION #10: REDUCE REGULATORY BURDENS BY OFFERING COMMENT TO AGENCIES AS THEY CONDUCT THEIR REGULATORY LOOK BACK ANALYSES UNDER E.O. 13563, "IMPROVING REGULATION AND REGULATORY REVIEW."

Thoughtful review of regulations governing veteran entrepreneurship may reveal opportunities to reduce burdens on the veterans' small business community. In early 2011, for example, the VA made changes to its regulations governing the verification of ownership and control of VOSBs and SDVOSBs to remove restrictions for participating in its verification program that were inconsistent with other Federal small business programs and would stifle job creation and economic development.

Building on that, Executive Order 13563, Improving Regulation and Regulatory Review, required agencies to consider how best to promote retrospective analysis of rules that may be obsolete, unnecessary, unjustified, excessively burdensome, or counterproductive. Agencies published plans in August 2011 that reviewed their existing significant rules to determine if they should be modified, expanded, streamlined, or repealed to make their regulatory program more effective or less burdensome.

Several plans include analysis of issues of interest to veteran entrepreneurship. For example, the Federal Acquisition Regulatory Council's plan aims to simplify regulatory guidance for using partial set-asides and establishing new guidance to address the use of order set-asides to promote greater small business contracting in FY 2012, including those for service-disabled veteran-owned small businesses. Also, SBA's plan calls for review of its SDVOSB program requirements and an analysis of the regulatory changes required and implications of implementing a single certification process for common information collected across its small business contracting programs, including the SDVOSB program.

Lead Agencies: OMB and SBA

Recommended Actions:

- Monitor agency retrospective regulatory reviews that affect the interests of SDVOSBs and VOSBs to offer input as changes are considered.

Progress in 2012:

During the past year, members of the Task Force worked with OMB, SBA, the Federal Acquisition Regulatory Council (FAR Council) and other agencies to consider where existing rules affecting small business interests might be ineffective or excessively burdensome and how they might be improved. This work included careful consideration of how new authorities set forth in the Small Business Jobs Act can be most effectively implemented to maximize opportunities for small businesses, including service-disabled veteran-owned small businesses, and to promote veteran entrepreneurship. These efforts contributed to a number of important regulatory and administrative steps being taken to strength

access to small businesses, lower costs of doing business with the government, and reduce barriers to entry, consistent with the goals of E.O. 13563.

- *The Task Force worked with the FAR Council and SBA to strengthen the application of set-asides—the most powerful small business contracting tool – to multiple award contracts, which serve as a gateway to the Federal marketplace for many thousands of small businesses.* During the past 15 years, agencies have turned increasingly to multiple award contracts to meet their mission needs because these contracts allow them to conduct streamlined buys, pool resources and lower administrative expenses. Unfortunately, rules addressing set-asides (where work is reserved for performance by small businesses) have not kept up, causing agencies to be confused about whether this tool may be used in connection with multiple award contracts. As a result, many opportunities to make it easier for agencies and small businesses to reach one another have gone untapped. The FAR rule, which became effective in November 2011, provided an important first step in ending this confusion by making clear that set-asides may be used to in connection with the award of multiple award contracts and orders placed under them. New rules from SBA, which are expected to be finalized in the coming months, will build on the foundation set by the FAR and provide additional processes to broaden the ways in which set asides and related tools are used to award work to small businesses through multiple award contracts.
- *The Task Force supported efforts to redouble agency attention on opportunities to make small business awards under the simplified acquisition threshold (SAT).* Pursuant to longstanding statutory requirements in the Small Business Act, agencies are required to automatically set-aside work for small businesses that is equal to or less than the value of the SAT (generally \$150,000) unless the contracting officer determines the “rule of two” cannot be met – i.e., there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery. However, analysis of data in the Federal Procurement Data System suggests that a significant amount of work under the SAT is not going to small businesses, including for products and services in industries where small businesses are typically well represented. Last Spring, OMB and SBA kicked off an initiative with the members of the White House Small Business Working Group – which includes Deputy Secretaries, Chiefs of Staff and other senior agency officials to more carefully monitor for opportunities and track results on a regular basis. At the VA, for example, which awards more than \$3 billion in contracts annually to veteran-owned small businesses and service-disabled veteran-owned small businesses, contracting officers must obtain the approval of the head of the contracting activity if a transaction above the micro-purchase threshold but below the SAT is not set aside for small businesses.
- *Task Force members worked with OMB on initiatives to accelerate payment to small business prime contractors and subcontractors.* In September 2011, OMB established a policy that, to the full extent permitted by law, agencies shall make their payments to small business contractors as soon as practicable with the goal of making payments within 15 days of receipt of relevant documents – rather than the standard 30 days established in the Prompt Payment Act. To further preserve and increase small business participation in all levels of Federal contracting, this past July, OMB called on agencies to temporarily accelerate payment to all prime contractors so that they could accelerate payments to their small business subcontractors. Agencies are now including a clause in new solicitations and resultant contracts, and where feasible, modifying existing contracts to require prime contractors to pay small business subcontractors on an accelerated timetable to the maximum extent practicable. Agencies’ implementation of this policy has helped to improve cash

flow, increase liquidity and unlock capital for investment and growth – making the Federal marketplace more conducive to small business participation.

- *Task Force members worked with SBA to lay out an improved foundation for small business subcontracting.* Subcontracting is an important avenue for small businesses to gain entry into the Federal marketplace and can serve as a stepping stone to receiving work as a prime contractor. In the fall of 2011, SBA issued a comprehensive proposed rule to implement provisions in the Small Business Jobs Act that are designed to increase the protections afforded to small business subcontractors. The rule would (1) require a prime contractor to notify the contracting officer if the prime decided not to use a small business subcontractor that it used in preparing its bid or proposal, (2) clarify the role of the contracting officer in evaluating and monitoring the prime contractor's compliance with the subcontracting plan, and (3) explain how and what contractors report and how subcontracting rules apply to multiple award contracts. SBA expects to issue a final rule in the coming months.

Next Steps:

In the coming year, the Task Force will work with the FAR Council on a pilot initiative to invite comment on potential new rules before proposed regulations are published. Earlier public comment may enable the FAR drafters to consider industry input on lessening burden associated with new FAR rules during the drafting process. The Task Force will also continue to monitor agency retrospective regulatory reviews, performed in accordance with E.O. 13563, that affect the interests of SDVOSBs and VOSBs and offer input as agencies consider changes to their rules.

RECOMMENDATION #11: COORDINATE AND CENTRALIZE INFORMATION ON VETERAN AND SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS CONTRACTING OPPORTUNITIES ACROSS THE FEDERAL GOVERNMENT.

Federal contracting officers have generally been successful in understanding how to use set-aside programs to contract with SDVOSBs. However, there is no single source or streamlined process to help the acquisition community find and work with these firms most effectively. Being able to navigate the acquisition system and understand the overall process has been a point of weakness in further developing and utilizing SDVOBs.

Currently, the Department of Defense's Maximum Practicable Opportunity Model uses the Federal Procurement Data System-Next Generation data to identify contracts awarded to large businesses, but likely could have been performed by a small business, including SDVOSBs. This important identification method could prove valuable in assisting all agencies in reaching SDVOSBs.

Already, several agencies (GSA, DOL, the VA, and others) have collaborated to create an initial program design. Design elements are in the developmental stage, with additional requirements being identified and examined. As this is completed, draft design changes will be shared with agency principals for additional feedback and further revisions as appropriate. If successful, these efforts will create a product to better assist efforts already being conducted by agencies to expand exposure of available SDVOSBs.

Lead Agencies: GSA, DoD, SBA, and the VA

Recommended Actions:

- Create an easier process for Contracting Officers to utilize established SDVOSBs so businesses will have greater access to available Federal contracts.
- Create an online reference guide for the Federal government contracting community and an educational video to support Federal Contracting Officers in how to conduct market research and work with SDVOSBs.
- Identify and share best practices in how agencies maximize the effective use of SDVOSBs.

Progress in 2012:

The Small Business Jobs Act of 2010 reaffirmed the principal of “parity” among Federal small business contracting programs which was clarified in FAR Final Rule published in March 2012. Parity means that contracting officers are free to set-aside contracts and orders for small businesses in the woman-owned small business, service-disabled veteran-owned small business, HUBZone, and 8(a) programs without there being an order of preference between the four programs.

Streamlining the process for Contracting Officers to use established SDVOSBs is a priority and is topic of interest for the White House Small Business Procurement Group. Quarterly, SBA is collaborating with the White House and Senior Officials at each agency to ensure agencies are being held accountable for the government-wide small business contracting goal. This unprecedented collaboration has ensured top-level leadership commitment from across the Federal government to utilize small businesses.

DoD has been a leader in this regard. In FY 2011, Secretary Panetta became the first Secretary of Defense to issue a memo on the importance of achieving small business goals and issued further guidance in FY 2012. During FY 2012, DoD included a small business performance element in the annual performance evaluation of senior executives. Also, DoD’s Office of Small Business Programs and Defense Procurement Acquisition Policy (DPAP) issued several directives and guidance to contracting officers to (1) utilize market research (MAX PRAC) to identify opportunities for small businesses; (2) utilize existing MACs, IDIQ contracts and small business set asides to satisfy near term procurement opportunities; and (3) maximize small business contracting opportunities below the simplified acquisition procedures threshold (SAT) and above the micropurchase threshold, in accordance with FAR 13.003(b)(1).

VA has developed a VetGovPartner Platform where VOSB can see requirements briefings from VA procurement decision makers, and government staff doing market research can see extensive business profiles. At the National Veterans Conference the Secretary reiterated his support for veteran businesses and established a requirement for Senior Executive Service review of all procurements not going to VOSBs to ensure maximum practicable opportunities for veteran businesses are considered.

Next Steps:

Under the leadership of the White House Small Business Procurement Group, all agencies will continue to develop best practices to ensure that contracting officers are trained and incented to do business with SDVOBs. Additionally, small business planning will be a part of the FY 2013 Defense Planning Guidance.

RECOMMENDATION #12: PRODUCE AN AGENCY-LED ASSESSMENT OF VETERAN-OWNED SMALL BUSINESS ACHIEVEMENTS AND CONTRACTING GOALS TO INCREASE VETERAN-OWNED SMALL BUSINESS UTILIZATION IN PRIME CONTRACTING.

The General Services Administration is currently in the process of evaluating its own achievements and goals in Federal contracting with veteran-owned businesses. The Department of Defense is assisting in this effort. Together, they are working to identify strategies which have the greatest potential to increase veteran-owned small business utilization in prime contracting. After specific areas are identified, they will target materials and resources to help increase contracting opportunities with veteran-owned small businesses.

Lead Agencies: GSA and DoD

Recommended Actions:

- Encourage each agency to conduct internal analyses to fully unveil the depth of veteran-owned small business involvement in their procurement activities.
- Leverage agency analyses to assess the need and value of revised goals and procurement preference tools. Involve an outside party in this process, if helpful and/or necessary.

Progress in 2012:

To hold agencies accountable to their small business contracting goals, every year SBA releases comprehensive contracting scorecard. The [annual scorecard](#) is an assessment tool to (1) measure how well Federal agencies reach their small business and socio-economic prime contracting and subcontracting goals; (2) provide accurate and transparent contracting data; and (3) report agency-specific progress. The prime and subcontracting component goals include goals for small businesses, women-owned small businesses, small disadvantaged businesses, service-disabled veteran-owned small businesses, and small businesses located in HUBZones.

Every two years, the SBA works with each agency to set its prime and subcontracting goals and its grades are based on the agreed upon goals. Each Federal agency has different goals based on its unique procurement mix, determined annually in consultation with SBA.

During 2012, the VA implemented a requirement for Senior Executive Service-level review of all procurements not going to VOSB to ensure maximum practicable opportunities are provided to veteran small businesses. To provide even greater emphasis on opportunities for veteran entrepreneurs, all department heads of contracting activities within the VA were required to submit plans that demonstrated how they would meet or exceed the Secretary's goals for veteran small business participation. These plans were reviewed weekly by a VA Task Force made up of the most senior acquisition and program managers in the Department.

Additionally, the DoD conducts an analysis on its prime contracting to SDVOSBs on a weekly basis. As a result of its findings, DoD is currently working to strengthen its SDVOSB suppliers through its further study on barriers to obtaining Federal contracts. DoD's prime contracts to veteran-owned businesses and in specific SDVOSBs has increased every year between FY 2009 and FY 2012.

Next Steps:

The Task Force will continue to encourage each agency to review and revise best practices for including veteran-owned and service-disabled veteran-owned small businesses in their procurement activities.

RECOMMENDATION #13: INCREASE COLLABORATION ON FEDERAL CONTRACTING OPPORTUNITIES BETWEEN NATIONAL VETERANS' ADVOCACY GROUPS AND SBA'S OFFICE OF VETERANS BUSINESS DEVELOPMENT.

Timely sharing and proper placement of Federal contracting opportunities throughout the information networks of leading veterans' service organizations and advocacy groups is critical for helping connect contracting officers with VOSBs and SDVOSBs. However, the veteran small business community's responsiveness to Request For Proposals (RFPs) and Request For Information (RFIs) remains a challenge. More VOSBs and SDVOSBs will have the chance to find opportunities and submit bids – especially for smaller contracts – if stronger communication is fostered among these groups, Federal OSDBUs, contracting officers, and other Federal and nonprofit partners. As an additional resource, the SBA can leverage its Veterans Business Development Officers and the Veteran Business Outreach Centers (VBOCs) as outreach points and as a market research source for ensuring the VOSBs and SDVOSBs understand the responsive requirements for RFPs and RFIs.

Lead Agencies: GSA, SBA, and DoD

Recommended Actions:

- Provide additional marketing arms to ensure the best dissemination of opportunities to veteran business community in a timely fashion.
- Develop a concrete and coordinated outreach plan between SBA, GSA, and DoD and various veterans' advocacy groups.

Progress in 2012:

During 2012, SBA, GSA, and DoD made considerable effort to expand outreach to veteran's advocacy groups. As part of the outreach efforts, GSA has focused on increasing the visibility of SDVOSBs within government. With the increased use of electronic media tools and social media outlets, GSA has been able to develop successful methods of sharing information between both the acquisition community and the veteran business community. An example of the new outreach effort within GSA is its improved use of webinars as a business culture solution to address the need to share information, especially procurement related information, with both the acquisition community and veteran business owners. There are now webinars that address specific procurement needs and webinars focused on training veteran small business owners on how to best understand and deal with changes in the procurement environment. This helps in a twofold manner. First, it allows for the most up-to-date information to be made available. Secondly, it ensures the right people are getting that information in the easiest method possible, online.

Another outreach solution has been in the development and expansion of social media outlets. Using Twitter, Facebook and LinkedIn have allowed GSA to plug into veteran small businesses and provide them with the most up-to-date information and alerts available. Since this form of media is becoming more prevalent in today's business society, GSA has been encouraging all agencies that do not already use social media tools, to adopt one of these tools as a business solution.

DoD's Undersecretary of Defense for Acquisition, Technology and Logistics USD(AT&L), Director of Office of Small Business Procurement and other senior leaders within DoD have supported several small business outreach and matchmaking events around the country. Additionally, DoD signed out a memo from the USD(AT&L) encouraging its acquisition workforce to participate in the VA National Veteran's Conference in Detroit.

In partnership with these efforts, SBA's Office of Veterans Business Development (OVBD) is currently preparing a Communications and Outreach Campaign Plan and Rollout Strategy. The plan will utilize sound communication and outreach principles that incorporate SBA's OVBD goals and objectives and outline a strategy for campaign implementation. The plan will also include the redesign of current OVBD marketing materials and website, in close collaboration with SBA's Office of Communications and Public Liaison to promote internal branding consistency and ensure accessibility for all users. Additionally, the plan will serve as a foundation for OVBD activities, including methods for distributing information, and increasing enthusiasm for use of the OVBD programs by partner service organizations. Finally, the plan will provide clear recommendations for how to best engage the veteran community, stakeholders, and SBA employees covering a broad range of mechanisms.

Next Steps:

During FY 2013, SBA, GSA, and DoD will continue to work together to coordinate and expand their outreach activities to veteran service organizations. Part of this outreach will include ensuring these veteran advocacy groups have the tools and information they need to advise their members of the vast resources the Federal government has available to help veterans with starting or growing a business.

RECOMMENDATION #14: DEVELOP A STREAMLINED, EFFICIENT, AND CLEAR CERTIFICATION PROCESS TO BE USED BY VETERAN AND SERVICE-DISABLED VETERAN-OWNED BUSINESSES IN FEDERAL PROCUREMENT.

The existing processes for a veteran and service-disabled veteran-owned small business to certify or verify its status as "veteran-owned" or "service-disabled veteran-owned" in Federal contracting can be confusing, fragmented, and inefficient. Multiple agencies have varying levels of involvement:

- Regulations governing procurement for service-disabled a veteran-owned small business generally rests with the Federal Acquisition Regulatory Council, while eligibility is determined by the SBA.
- All small businesses, including SDVOSBs and VOSBs must register in multiple databases to do business with Federal government; including the System for Award Management (SAAM), which replaced the Central Contractor Registration (CCR) and the online representation and certification application (ORCA), and the VA's VetBiz.gov platform.
- The VA possesses its own unique authority for veteran-owned and service-disabled veteran-owned small businesses that do business with the VA which does not apply to the remainder of the Federal government. Hence, the VA operates a spate certification program solely for the use of VA procurement.

In particular, the VA's unique authority for its own contractors is by statute applicable only to the VA. This separate process can create confusion for veterans and service-disabled veterans looking to do business with the rest of the Federal government. For example, if a small business doesn't contract with the VA, it will not appear in the VA's database despite having received a contract from another agency

through the “self-certification” process. Multiple processes exist in the current structure, and businesses find the processes duplicative and onerous.

Each of the above agencies brings a critical function that has the potential to streamline and improve the certification process:

- The VA and DoD possess the information to verify an individual’s veteran status, either as a veteran or service-disabled veteran.
- GSA maintains a reliable system for service-disabled veterans to register as SDVOSB if they want to contract with the Federal government, with the exception the VA.
- The SBA has decades of experience in operating contracting programs (i.e., 8(a) and HUBZone) that require status verification and ownership-and-control determinations.

The challenge, and opportunity, is to identify the necessary resources to integrate existing systems. The VA is currently home to a database of VA-verified veteran and service-disabled veteran-owned business that it uses to issue veteran-owned small business set-asides internal to VA. Expanding this database to include all veteran and service-disabled-owned businesses that want to contract with the Federal government, however, would require significant enhancements to the existing system. In addition, as of October 2010, the VA has new authority to review business documents to strengthen the verification process and ensure firms listed publicly on the VetBiz.gov Vendor Information Pages (VIP) – available to all agencies – are eligible, legitimate firms. This presents an important opportunity to strengthen the certification process and reduces the potential for fraud, waste, and abuse.

The Task Force believes creating a streamlined, efficient, and clear veteran certification process is one of the most critical needs for veteran and service-disabled veteran-owned businesses seeking to do business with the Federal government. The Task Force has continued to receive public comment on the existing processes and is monitoring legislative proposals to understand the implications for agencies. Because of the critical nature of this issue, the Task Force plans to make a proposal for streamlining and improving efficiencies in the certification process a top priority for the upcoming year.

Lead Agencies: The VA, SBA, and DoD

Recommended Actions:

- Identify necessary resources for the VA, SBA, DoD and other agencies for a streamlined certification process.
- Increase technology resources to allow for database refinement and sharing among all Federal agencies involved in VOSB and SDVOSB contracting.
- Continue to monitor Congressional proposals and evaluate their impact on agencies and the veteran and service-disabled veteran-owned small business contracting community.
- Develop a comprehensive proposal for streamlining and improving efficiencies, and creating clarity in the certification processes.

Progress in 2012:

In 2012, the VA made significant progress towards reducing its average time to verify a business as a VOSB or SDVOSB. This trend promises to continue as the VA invests in the Next Generation Case Management System to streamline the verification process. To assist veterans to navigate the

requirements of the verification regulation, VA has developed the Verification Assistance Program to increase clarity regarding regulatory requirements and to increase the success rate of applicants.

The Task Force continues to monitor Congressional proposals that require all agencies to use the VA database to register as SDVOSBs. Additionally, in conjunction with the *U.S. Department of Veterans Affairs Strategic Plan (2006-2011)* the VA and SBA worked together on initiatives to ensure a smooth transition for veterans from active military service to civilian life. In support of these goals, VA's Center for Veterans Enterprise (CVE) is dedicated to working exclusively with veterans who want to establish businesses. CVE partners with other Federal agencies on VOSB and SDVOSB market research, outreach support, and conference participation.

SBA has worked closely with the directors of the Offices of Small and Disadvantaged Business Utilization (OSDBU) to increase the reliability of small business contracting data in the government-wide database, and to enhance the Small Business Procurement Scorecard, the tool by which agencies' performance against contracting goals is evaluated. This collaboration has revealed a number of best practices in making more opportunities available to small businesses—especially to women-owned small businesses, service-disabled veteran-owned small businesses, and HUBZone-certified firms.

Next Steps:

In FY 2013, the Task Force plans to implement a three-phase approach to improving the certification and verification processes and offer clarity for veterans seeking to do business with the Federal government.

First, the Task Force will work with stakeholders within SBA, the VA, and OMB's Office of Federal Procurement Policy (OFPP) to identify the root causes of duplicative or inefficient practices within the current certification regime and offer proposals to streamline the process and reduce the burden for veteran and service-disabled veteran small business owners. The Task Force will also closely monitor legislative proposals affecting veteran's contracting with the Federal government and the VA and may offer legislative proposals should they be recommended by the certification review process.

Second, the Task Force will work with OFPP to provide counseling and training to Federal contracting officers on the distinctions between the SBA and CVE certification processes. This effort would include a joint SBA and OFPP memo to Federal contracting officers clarifying the existing statutes and regulations to enable them to better serve veteran and service-disabled veteran small business owners.

Finally, the Task Force will develop and execute an outreach and education plan targeted to the veteran-owned and service-disabled veteran-owned business community. This initiative will focus on contracting opportunities with the Federal government and clearly detail the criteria and requirements for contracting with the Federal government and the VA.

Other Priority Recommendations

RECOMMENDATION #15: VEST THE GI BILL BENEFITS AS A PROPERTY RIGHT, ALLOWING VETERANS TO USE FUNDS BOTH FOR EDUCATION AND FOR SMALL BUSINESS CREATION ACTIVITIES SUCH AS COUNSELING AND BUSINESS FINANCING.

The Post-9/11 GI Bill (GI Bill) provides financial support for education and housing to individuals with at least 90 days of service on or after September 11, 2001, or individuals discharged with a service-

connected disability after 30 days or more of service. These long-term government commitments help ensure the growth and security of the United States.

Allowing veterans to use either a portion or all of their GI Bill benefits to receive entrepreneurial education and finance a small business startup would provide another career opportunity for veterans whose goals do not include a higher education degree. Many veterans choose self-employment as a career track, and a growing number of colleges and universities provide entrepreneurial/small-business development training targeted to veterans, service-disabled veterans, care givers of disabled veterans and reserve component members and their families. If properly administered, allowing veterans to use some or all of their earned benefits to pursue self-employment could provide multiple economic benefits.

Lead Agencies: The VA, DoD, and SBA

Recommended Actions:

- Determine potential impact and value— both in terms of potential costs to the GI Bill program as well as potential impact of increasing job creation by making this change.
- Develop risk mitigation strategies and robust criteria for veterans who would be interested in using these funds toward entrepreneurial training programs, business development, and capital.
- Examine regulatory or legislative changes necessary to allow approval of entrepreneurial small business development programs for GI Bill payments, and to allow eligible veterans to utilize their existing GI Bill eligibility to participate in entrepreneurial training and receive startup capital.

Progress in 2012:

The issue of vesting GI Bill benefits as property rights to allow veterans to use these benefits for either education or small business counseling, training, and startup capital remains a good idea whose time has yet to come. The Task Force recognizes that this is a large and complicated issue involving the participation of multiple stakeholders and requiring legislative authorization. As such, the Task Force will continue to work towards determining costs, benefits, and potential strategies for implementation over the next year.

Next Steps:

The Task Force will further explore the potential impact and value of the proposed changes to the GI Bill program and risk mitigation strategies and robust criteria for veterans who would be interested in using these funds toward entrepreneurial training programs, business development, and capital.

RECOMMENDATION #16: RESEARCH AND DIRECT POLICY EFFORTS AROUND CURRENT VETERAN MACROECONOMIC ISSUES BY CONDUCTING A MORE IN-DEPTH ANALYSIS OF VETERAN UNEMPLOYMENT, EMPLOYMENT AND SELF-EMPLOYMENT.

The VA consistently researches on relevant macroeconomic topics related to veterans including unemployment, healthcare, and education. Additionally, the Census Bureau and the Bureau of Labor Statistics capture vital macroeconomic data, some of which is segmented for veterans. However, this information is not fully coordinated or integrated to help inform Federal policy decisions, uncover gaps in data collection, or empower veterans' service organizations to meet their mission.

This information could be particularly useful in a number of ways, such as understanding both the education levels earned by veterans and the skills veterans acquire in military training and in private industry experience. It could also help identify industries where veterans have increased prospects for and levels of long-term employment. In addition, it could help in identifying those series in which veterans tend to outperform those without military experience.

Lead Agencies: The VA, DoD, DOL and SBA

Recommended Actions:

- Conduct a more in-depth analysis of veteran unemployment, employment and self-employment through the Department of Labor BLS data, Census and other available Federal data sets.
- Inventory existing reports – Census data, SBA Office of Advocacy reports, academic research — that examine trends in veterans’ employment and business development.
- Identify key employment trends including high-growth veteran industries and industries of highest veteran job loss (by NAICS code).
- Design recommendations for future programs and program changes based on a deeper analysis of veteran unemployment, employment and self-employment, and business ownership.

Progress in 2012:

In Spring 2012, the Administration released two key reports on veteran’s small business ownership and employment. SBA’s Office of Advocacy released a report on “Veteran-owned Businesses and their Owners—Data from the Census Bureau’s Survey of Business Owners” based on Census’ 2007 Survey of Business Owners data that was released in 2011. The report contributed to the Task Force’s research this year and informed many of the data points in this report, such as in 2007, there were 2.4 million businesses with majority ownership by veterans, representing 9 percent of all U.S. firms.

During 2012, the SBA’s Office of Advocacy worked closely with the U.S. Census Bureau, Veteran Service Organizations, and other stakeholders in the veteran entrepreneurship community to improve veteran-related questions in the Census Bureau’s pending Survey of Business Owners for data year 2012. Revised questions under Paperwork Reduction Act review would provide new information on firms owned by service-disabled veterans and first-time ever data on businesses owned by members of the National Guard and Reserve Components, as well as data on firms owned by post 9-11 veterans.

In addition the White House released “Military Skills for America’s Future: Leveraging Military Service and Experience to Put Veterans and Military Spouses Back to Work,” which, among other contributions, included an overview of veterans in the labor market based on data from BLS, the Council of Economic Advisers, Treasury, DoD, and the Institute for Veterans and Military Families at Syracuse University.

Next Steps:

In recent years, there has been an increasing demand for longitudinal data to measure the performance and survival of businesses owned by veterans over time, as well as that of all firms. Although there are a number of sources of longitudinal data on businesses in general, longitudinal information on veteran-owned businesses is lacking. In September 2012, SBA’s Office of Advocacy commissioned two new economic research studies to examine how veteran-owned businesses and veteran business owners change over time and how that change compares with that of all businesses and/or those firms owned by non-veterans. It solicited proposals from private sector small business researchers in a competition

that was restricted to firms owned by service-disabled veterans. Two separate proposals using completely different datasets were approved, and this ground-breaking research is expected to be completed in 2013.

RECOMMENDATION #17: EXPLORE REVISIONS TO UNEMPLOYMENT COMPENSATION FOR EX-SERVICE MEMBERS TO SUPPORT SMALL BUSINESS CREATION.

The current provisions of Unemployment Compensation for Service Members (UCX), provides financial support to recently discharged veterans while they pursue traditional forms of employment. However, in general, current UCX guidelines do not recognize self-employment as pursuing employment and thus the veteran's UCX compensation is terminated if they visibly pursue self-employed small business ownership as their vocational goal.

The Task Force believes that returning veterans need all reasonable financial support available to them through existing Federal programs or modification to existing Federal programs to pursue self-employment. In most states, veterans are presently limited to looking for third party employment to maintain UCX payments. The Task Force supports changes to the existing program that would allow eligible veterans to collect UCX benefits while pursuing self-employment in order to foster veteran small business ownership and ultimately reduce unemployment among veterans.

Lead Agencies: The VA, DoD, DOL, and SBA

Recommended Actions:

- Examine UCX authority and consider implementing an updated UCX payment system to allow eligible veterans to collect UCX payments during and after participating in an SBA-affiliated entrepreneurial small business training program, or a VA State Approving Agency approved program.

Progress in 2012:

This year the President signed the Middle Class Tax Relief and Job Creation Act of 2012 which included several provisions to promote self-employment assistance (SEA) in state unemployment compensation (UC) programs. Since UCX guidelines generally adhere to state UC law, SEA is only available to eligible UCX claimants in the states that offer SEA to eligible state UC claimants. Currently, nine states have passed laws that authorize self-employment assistance: Delaware, Louisiana, Maine, Maryland, New Jersey, New York, Oregon, Pennsylvania, and Washington.

SEA programs are voluntary state-run programs that provide unemployed individuals who qualify for their state's UC program with financial support while they access the resources, information, and training needed to start a business. These individuals receive a weekly allowance in the same amount as their regular unemployment compensation weekly benefit.

Next Steps:

The Task Force supports the further adoption of SEA in state UC programs as encouraged in the Middle Class Tax Relief and Job Creation Act of 2012. In addition, the Task Force will continue to review possible changes to UCX law that would allow eligible veterans to receive UCX benefits while pursuing

self-employment by participating in a SBA affiliated entrepreneurial small business training program, or a VA State Approving Agency approved program.

RECOMMENDATION #18: EXAMINE THE ESTABLISHMENT OF A NEW SMALL BUSINESS PROCUREMENT INITIATIVE FOR FIRMS WHOSE TOTAL WORKFORCE IS COMPRISED OF AT LEAST 35% OR MORE BY VETERANS.

The Federal government currently utilizes a set-aside program that allows certain small businesses to compete for Federal contracts based on having a certain percentage of their workforce residing in a historically-underutilized business zone (HUBZone). This designation helps areas that are hard hit with high unemployment levels. The same principle could be applied to small business contractors that employ a certain percentage of veterans.

The creation of a new small business subcategory for firms hiring veterans would provide hiring incentives and procurement opportunities for small business that hire veterans or guard and reserve members. In addition to providing employment opportunities, this action would provide another “tool” to assist the Federal government achieve overall procurement goals for all small business categories, including service-disabled veterans.

Implementation of this recommendation presents an opportunity for a creative change that requires additional regulatory guidance but not exhaustive new rulemaking. The intent is to review and build on existing authority and implement procedurally, by using already established agency capabilities.

Lead Agencies: The VA, DoD, SBA, and OMB

Recommended Actions:

- Outline the necessary regulatory guidance, timeline, and potential barriers to success with a HUBZone-like designation model for businesses that employ more than 35 percent veterans.
- Explore alternative models Explore alternative models such as tax relief for hiring veterans or for exceeding 35 percent of veterans employed by a small business.

Progress in 2012:

The Task Force discussed the possibility of seeking a set aside for firms that employ a certain percentage of veterans, modeled on the Small Business Administration’s Historically Underserved Business Zone (HUBZone) Program. The creation of a set-aside program for Federal contracting necessarily involves statutory changes, and over the course of the last year the Task Force has explored alternative and creative models to support small businesses that serve their country by hiring our nation’s veterans.

One possibility the Task Force is exploring is an evaluation preference for small business concerns, or business concerns in general, that certify that a certain percentage of the labor for contract performance will be provided by employees who are veterans. The Task Force has held discussions with procurement officials on the possibility of providing a proposal for revision of the Federal Acquisition Regulation.

Like the other recommendations in this section, this is a complicated issue involving the participation of multiple stakeholders and the rule making process can take many years to complete.

Next Steps:

The Task Force will discuss the possibility of an evaluation factor for veteran employment with the members of the Federal Acquisition Regulation Council to determine the feasibility of an evaluation preference for small businesses, or businesses in general, that employ a certain percentage of veterans in the performance of a contract. The Task Force will consult with the VA and DOL on the efficacy of existing veterans' employment programs and ways these programs can be strengthened. The Task Force will continue to explore additional alternatives should this proposal not prove feasible such as tax relief for hiring veterans or for exceeding certain veteran employment percentages.

Appendix: Task Force Members

Task Force Chair	Marie C. Johns, Deputy Administrator, U.S. Small Business Administration
Member	Rhett Jeppson, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration
Member	Jiyoung C. Park, Associate Administrator, Office of Small Business Utilization, U.S. General Services Administration
Member	Andre J. Gudger, Director, Office of Small Business Programs, Department of Defense
Member	Mathew Blum, Associate Administrator, Office of Federal Procurement Policy, Office of Management and Budget
Member	Thomas J. Leney, Executive Director, Office of Small and Veteran Business Programs, Department of Veterans Affairs
Member	Donet Graves, Deputy Assistant Secretary, Small Business, Community Development, and Housing, U.S. Department of Treasury
Member	Maria E. Temiquel, Veterans' Employment and Training Service, U.S. Department of Labor
Member	Mark M. Adams, Member, The American Legion
Member	Timothy Hale, Member, Association of State Directors of Veterans Affairs
Member	James F. Wilfong, Executive Member, VET-Force

Appendix: Executive Order

THE WHITE HOUSE
Office of the Press Secretary
For Immediate Release April 26, 2010

EXECUTIVE ORDER INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 102 of title I of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008 (Public Law 110-186) (the "Act"), and in order to establish an interagency task force to coordinate the efforts of Federal agencies to improve capital, business development opportunities, and pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans, it is hereby ordered as follows:

Section 1. Establishment. The Administrator of the Small Business Administration (Administrator) shall establish within the Small Business Administration an Interagency Task Force on Veterans Small Business Development (Task Force).

Sec. 2. Membership. The Administrator shall serve as Chair of the Task Force and shall direct its work. Other members shall consist of:

(a) a senior level representative, designated by the head of the respective department or agency, from each of the following:

- (i) the Department of the Treasury;
- (ii) the Department of Defense;
- (iii) the Department of Labor;
- (iv) the Department of Veterans Affairs;
- (v) the Office of Management and Budget;
- (vi) the Small Business Administration (in addition to the Administrator); and
- (vii) the General Services Administration; and

(b) four representatives from a veterans' service or military organization or association, who shall be appointed by the Administrator.

Sec. 3. Functions. Consistent with the Act and other applicable law, the Task Force shall:

(a) consult regularly with veterans service and military organizations in performing the duties of the Task Force;

(b) coordinate administrative and regulatory activities and develop proposals relating to:

- (i) improving capital access and capacity of small business concerns owned and controlled by veterans and service-disabled veterans through loans, surety bonding, and franchising;
- (ii) ensuring achievement of the pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans through expanded mentor-protégé assistance and matching such small business concerns with contracting opportunities;
- (iii) increasing the integrity of certifications of status as a small business concern owned and controlled by a veteran or service-disabled veteran;
- (iv) reducing paperwork and administrative burdens on veterans in accessing business development and entrepreneurship opportunities;
- (v) increasing and improving training and counseling services provided to small business concerns owned and controlled by veterans; and
- (vi) making other improvements relating to the support for veterans business development by the Federal government; and

(c) not later than 1 year after its first meeting and annually thereafter, forward to the President a report on the performance of its functions, including any proposals developed pursuant to subsection (b) of this section.

Sec. 4. General Provisions.

(a) The Small Business Administration shall provide funding and administrative support for the Task Force to the extent permitted by law and within existing appropriations.

(b) Nothing in this order shall be construed to impair or otherwise effect:

- (i) authority granted by law to an executive department, agency, or the head thereof; and
- (ii) functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(c) Insofar as the Federal Advisory Committee Act, as amended (5 U.S.C. App.) (FACA), may apply to the Task Force, any functions of the President under the FACA, except for those in section 6 of the FACA, shall be performed by the Administrator in accordance with guidelines issued by the Administrator of General Services.

(d) This order is not intended to and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

BARACK OBAMA

Endnotes

¹ Headd, Brian. "An Analysis of Small Business and Jobs," U.S. Small Business Administration, Office of Advocacy, March 2010.

² "Survey of Business Owners - Veteran-Owned Firms, 2007," U.S. Census Bureau, Department of Commerce, May 2011.

³ "Military Skills for America's Future: Leveraging Military Service and Experience to Put Veterans and Military Spouses Back to Work," Executive Office of the President, May 31, 2012.

⁴ *Ibid.*

⁵ "Factors Affecting Entrepreneurship among Veterans," U.S. Small Business Administration, Office of Advocacy, March 2011.

⁶ Survey of Business Owners - Veteran-Owned Firms, 2007, Census Bureau, May 2011.

⁷ *Ibid.*

⁸ *Ibid.*

⁹ "Report on the Small Business Lending Fund with Respect to Women-, Veteran-, and Minority-Owned Businesses," U.S. Department of the Treasury, November 2011.